Germany

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This report does not constitute a rating action.

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Credit Highlights

Overview

Institutional and economic profile	Flexibility and performance profile
S&P Global Ratings believes Germany's real economic growth will slip into negative territory this year, following an already sluggish recovery in the wake of the pandemic.	Germany's fiscal and external buffers remain substantial amid the lingering economic challenges.
--We expect Germany's real GDP will contract 0.2% this year as consumption suffers under surging inflation and external demand stagnates.	--Germany's fiscal deficits will narrow more than we initially expected, and debt, net of liquid assets, will decrease to below 60% of GDP already this year; interest expenses, though rising, will settle at slightly above 2% of public revenue.
--Easing inflationary pressures, a resilient labor market, and a normalization of external demand will enable a moderate recovery from 2024.	--Germany's external accounts will only partially recover following last year's significant terms-of-trade shock, but a significant surplus will remain of about 5% of GDP over the next years, supported by substantial primary income inflows.
--The German government continues to pursue an ambitious reform agenda that includes a boost to defense spending and a substantial investment program to overhaul energy infrastructure.	--Although inflation continues to decline from last year's record levels, it has become increasingly broad based, prompting us to assume the ECB will retain a tight policy stance over the next few months.

We project Germany's real economy will contract 0.2% this year. This follows an already sluggish recovery from pandemic fallout. Private consumption and export dynamics remain particularly unfavorable, while the outlook for investments is more mixed.

Fiscal deficits will likely come in below our previous expectations. This stems mostly from a normalization of energy markets in Europe, and the deficit will likely inch toward 1.5% over the next years from almost half the 2022 level. We base our projections on the spending of extrabudgetary funds, which represent the government's energy support measures, higher

defense spending, and the planned ambitious investments into energy infrastructure spread out over several years.

Germany's fiscal and external buffers remain substantial. Furthermore, the country's mature and effective institutions will enable it to weather inflationary pressures, rising interest rates, and other economic challenges. We expect a partial rebound of external surpluses, and the country maintains one of the best external balance sheets of any major economy. At the same time, net debt levels will remain moderate and interest expenses low in an international comparison.

Outlook

The stable outlook reflects our opinion that Germany's external and fiscal buffers, diversified economy, and proven institutional effectiveness will continue to provide sufficient rating buffers over the next two years.

Downside scenario

We could lower our ratings if Germany's fiscal position worsened significantly beyond our projections, with low prospects for improvement, and debt or contingent liabilities increased significantly. This would likely coincide with much deeper and protracted economic scarring in Germany or other adverse and unexpected developments, such as the deterioration of the European Central Bank's (ECB's) monetary flexibility.

Rationale

Institutional and economic profile: Germany's economy should recover moderately in 2024 after this year's still-unfavorable outlook

Germany's economic woes have spilled into this year, prompting us to lower our real growth projections over the 2023-2026 forecast horizon. We now expect the real economy will contract in 2023, following what was already one of the weakest recoveries from pandemic setbacks of any major economy. Private consumption will decrease in real terms due to high inflation, but also because of high interest rates incentivizing more savings. External demand remains stagnate, mostly due to the slowing growth in China, which is a major export market for German goods. The outlook on investment growth remains more mixed, as capital investments continue to recover, but construction is suffering from high costs and high interest rates. Fallout from increasing construction costs and fluctuating interest rates on the German real estate market has been worse than we initially expected (see "European Housing Markets: Sustained Correction Ahead," published July 20, 2023, on RatingsDirect). Furthermore, the recovery of German industrial production remains sluggish, especially with respect to energy-intensive sectors, including chemicals, basic and fabricated metal products, and paper products.

Still, the labor market remains resilient, and we expect unemployment will hardly move from its currently almost record low levels. This will support a moderate economic recovery in 2024. Real wage growth has recently turned positive and will widen further, as wage growth will outpace easing inflation levels over the next few months, which will increasingly stimulate consumption growth. At the same time, we also expect a normalization of international trade flows next year, which will also benefit Germany, a strong net exporter. From 2025, we expect a further

strengthening of consumption dynamics coinciding with a recovery of investments as interest rates normalize.

Risks regarding energy security have markedly decreased since last winter. At this time, several factors lead us to assume that the likelihood of an energy supply shortage over the next few months is remote. First, Germany has effectively decoupled from Russian gas and has ramped up gas deliveries from alternative sources. This includes increased natural gas supply from the Netherlands and Norway as well as liquefied natural gas (LNG) supply, mainly from the U.S., but also Qatar, over the next few years. Second, Germany retains ample storage of gas, with about 94% of its current total storage capacity filled, representing two to two and a half months of winter consumption. Third, we expect that still-high prices and the adaptability of Germany's industrial sector will partially sustain last year's effective demand reduction of natural gas of about 15% (as of June 30, 2023, industrial demand has declined, on average, about 18% in 2023 versus the average consumption in 2018-2021).

Although the concerns regarding energy security have eased, other structural challenges for Germany's economy persist. Germany's medium-term growth outlook beyond 2025 remains more uncertain than most other European countries'. Germany, like other European countries, has an adverse demographic profile. But the situation in Germany is aggravated by a disproportionally high amount of new retirees over the next 10-15 years. Counteracting this strain, the recent increase of immigration, mainly from Ukraine, lifted population growth 1% in 2022. However, it is uncertain whether such high net migration figures can be sustained over several years. Furthermore, we see challenges to the country's competitiveness as a manufacturing hub in Europe. Automotive production constitutes almost 4% of Germany's gross value added, and cars and vehicle parts usually account for almost 20% of exports. German vehicles and components are up against major structural and regulatory hurdles, particularly due to tightening emissions standards and technological changes, as well as uncertainties around trade policy.

The German government--a coalition between the Social Democrats, Greens, and Liberal Party--is pursuing an ambitious reform agenda to address several of these key challenges. Its effective response to the energy crisis last year underpin our view of Germany's generally effective and prudent policy-making. These policy responses included several support packages targeted at consumers and corporates in the form of a €200 billion "protective shield" program (about 5% of 2022 GDP), which provides support measures over 2022-2024 against the ongoing energy crisis. Germany also plans to accelerate the energy transition and to increase the share of renewable energy in Germany’s gross electricity consumption to 80% by 2030. In our view, this can only happen through massive investments, which we estimate at €600 billion over 2022-2030 (see "Germany's Green Energy Ambitions Spark A Transformative Decade For Utilities," published Sept. 14, 2023). Power generators and power transmission and distributors will bear most of the investments, and, because of the massive funding requirements, the German government might also acquire a stake in power transmission companies. In addition to imposing sanctions on Russia, the government announced a substantial increase in military spending of €100 billion. We expect this will take several years to fully implement.

Flexibility and Performance Profile: Moderate public debt levels, a strong external creditor position, and the ECB's high policy effectiveness continue to support the economy amid economic challenges

We have revised our fiscal deficit projection for 2023 to 2.3% of GDP, from 3.5% in our previous review. This stems mostly from the normalization of European energy markets requiring a lower utilization of energy support measures. These support packages, potentially totaling up to €200 billion over several years, aim at shielding the private sector against excessive energy price increases. Despite lower-than-expected deficits this year, we still expect Germany to post

general government deficits of 1.6% on average until 2026. This continues to represent a policy shift from the pre-pandemic years when Germany reported surpluses. These deficits will occur despite the reinstatement of the debt-brake rule, which restricts net new borrowing to 0.35% of GDP (plus an economic adjustment component) at the federal level and forbids net new borrowing at all lower tiers of government. However, several government spending programs are exempt from the rule, including the €200 billion "protective shield" program; €100 billion of additional military spending over several years; and additional energy-related investments under the "climate and transformation fund", which will well exceed €100 billion over the next three years.

Overall, we believe that the medium-term path of Germany's finances has become more uncertain. Further medium- to long-term spending could stem from additional energy-related investment (beyond the current measures) or from Germany's adverse demographic profile in the form of higher health care, elderly, and retirement benefits. For now, estimated age-related spending pressures appear to be moderate in a European comparison (see "Global Aging 2023: The Clock Ticks," published Jan. 18, 2023, on RatingsDirect). In this regard, we note the creation of a so-called generation fund for future pension expenses that partially addresses the issue. We expect further reforms of the pension system over the next few years because we understand that ensuring the long-term sustainability of public finances is a policy priority for the government. We assume the same for the health insurance system and for increasing expenditure in elderly care.

The surge in borrowing over 2020-2022 to finance economic support packages related to the pandemic and the energy crisis propelled gross and net debt to about 68% and 60% of GDP, respectively, over the same period. Given our lower deficit projections over the next few years, we believe government debt, net of liquid government assets, will move marginally below 60% of GDP already this year, thanks to rising nominal GDP. The government also retains significant cash buffers, and we expect these will cover a sizable share of future deficits, reducing gross debt to nearly 61% of GDP by 2026. The ECB's policy rate increases will continue to feed through public interest expenses, but we expect Germany's interest burden to rise only moderately in a global comparison. Although increasing, interest costs will narrowly exceed 2.0% of general government revenue throughout our forecast, versus 5.6% in 2011 (see "Sovereign Debt 2023: Developed Europe Government Borrowing Estimated At $1.7 Trillion," published March 9, 2023). In our calculations of government debt, we exclude liabilities arising from the various multilateral financial support mechanisms, namely the European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM) in the eurozone (see "S&P Clarifies Its Approach To Accounting For EFSF Liabilities When Rating The Sovereign Guarantors," published Nov. 2, 2011). These liabilities will amount to about 1.4% of estimated GDP in 2023.

As elsewhere, inflation in Germany has increased sharply over the last 18 months and is estimated at 6.4% in August (HICP, Harmonized Index of Consumer Prices). Energy and food price increases still represent the most important components of overall price level increases, rising by an estimated over 8% and 9%, respectively, year on year. Although headline inflation figures have come down from their peak of 11.6% in October 2022--the highest rate since 1996, the year the HICP statistics started to be compiled--price increases have become more broad based, notably on the back of a robust labor market and rising wages. We expect this trend to continue, resulting in stronger core inflation of about 5.2% this year. In 2024, we expect core inflation, at 3.6%, will outpace headline inflation of 2.8%. Although overall inflation will continue to decline over the next years, it will still exceed the ECB's target annual inflation rate of slightly above 2%, which we believe Germany will not reach before 2025.

These continuously high and increasingly more broad-based inflation rates in Germany and across the eurozone have prompted the ECB to continuously raise its key policy rates by a cumulative 4.5% since July 2022, with the interest rate on the deposit facility currently standing at 4%. The probability and magnitude of further rate hikes will critically depend on the prognosis for inflation across the European Monetary Union, which we expect will remain elevated over the next two years. Accordingly, we expect the current rate hikes will take several years to

reverse. In our view, Germany's eurozone membership reduces its individual monetary flexibility. However, the country has also benefited from the euro with regard to its export-oriented economy and lower interest costs previously supported by the ECB's large scale asset-purchase programs

Last year's terms-of-trade shock on the back of an increasing energy import bill significantly reduced Germany's large current account surpluses to about 4.2% in 2022, from 7%-9% of GDP over the previous years. Given the lackluster recovery of exports, we expect only a partial recovery of current account surpluses over the next years; in our view, the current account will average around 5% of GDP through 2026. These surpluses come on the back of a small recovery of the terms of trade and a partial recovery in exporting industries, as well as strong annual investment incomes from assets held abroad. Structurally, Germany's current account position reflects the country's still-high export competitiveness and its previously lower investment rate than the eurozone average, tighter fiscal stance than trading partners, and one of the highest household savings rates in the euro area (reflecting the country's aging population and other structural and cultural factors). These current account surpluses will contribute to an average net asset position exceeding 120% of current account receipts (CARs) until 2026. In that period, we project that narrow net external debt will decline to an average 50% of CARs over the next years. Consequently, we forecast that gross external financing needs will reduce to 200% of CARs and usable reserves. The size of external assets also reflects movements in Germany's high Target 2/T2 claims on the Eurosystem, which have exceeded €1 trillion since July 2020 and currently stand around €1.1 trillion.

We expect the German banking sector will effectively manage the challenging economic outlook over the next two years, thus maintaining a relatively robust domestic asset quality, and keep the cost of risk and non-performing loans (NPLs) under control (see "Banking Industry Country Risk Assessment: Germany," published June 6, 2023). Additional structural challenges for German banks include pressures from strong competition in the German banking market, the sector's longer-term profitability challenges due to poor cost efficiencies, and risks from technology disruption. We believe German banks might benefit more than some peers from net interest margin expansion caused by rising rates. This is because banks in Germany rely heavily on less price sensitive retail deposits and tend to depend more on interest income than some European peers. At the same time, we still foresee risks from German banks' comparatively slow adaptation to digital banking; the sector's systems are less advanced than other international banking systems. Despite the challenging outlook for the German real estate sector, we believe the current interest rate environment will not likely directly affect current mortgage owners' debt-servicing capacities since mortgage lending is generally structurally conservative (lenders typically demand 20%-30% equity and mortgage rates are usually fixed for 10-15 years).

Germany--Selected Indicators

	2017	2018	2019	2020	2021	2022	2023bc	2024bc	2025bc	2026bc
Economic indicators (%)										
Nominal GDP (bil. EUR)	3,267.2	3,365.5	3,474.1	3,403.7	3,617.5	3,876.8	4,089.6	4,233.6	4,389.0	4,526.2
Nominal GDP (bil. $)	3,690.9	3,974.6	3,889.3	3,887.7	4,278.4	4,082.3	4,457.5	4,697.1	5,073.9	5,335.9
GDP per capita (000s $)	44.7	48.0	46.9	46.8	51.5	49.0	53.4	56.2	60.4	63.4
Real GDP growth	2.7	1.0	1.1	(3.8)	3.2	1.8	(0.2)	0.6	1.4	1.4
Real GDP per capita growth	2.3	0.7	0.8	(4.0)	3.2	1.7	(0.4)	0.4	0.9	1.2
Real investment growth	2.6	3.4	1.9	(2.3)	1.2	0.4	1.2	(0.4)	3.4	2.3
Investment/GDP	21.0	21.9	22.1	22.1	23.2	24.8	24.0	23.3	23.5	23.6
Savings/GDP	28.8	29.9	30.3	29.2	30.9	29.0	28.6	28.5	28.6	28.6

Germany--Selected Indicators

Exports/GDP	47.2	47.3	46.7	43.0	46.8	50.4	51.0	51.7	52.5	53.6
Real exports growth	4.9	2.2	1.3	(9.3)	9.7	3.4	(0.3)	2.3	3.1	3.2
Unemployment rate	3.6	3.2	3.0	3.7	3.7	3.1	3.0	3.0	3.0	3.1
External indicators (%)										
Current account balance/GDP	7.8	8.0	8.2	7.1	7.7	4.2	4.6	5.2	5.1	5.0
Current account balance/CARs	14.1	14.1	14.4	13.6	13.5	6.9	7.7	8.5	8.4	8.1
CARs/GDP	55.6	56.6	56.7	51.9	57.1	60.7	60.0	60.9	61.2	62.0
Trade balance/GDP	7.8	6.6	6.3	5.6	5.4	2.9	3.1	3.5	3.5	3.4
Net FDI/GDP	(1.0)	(0.6)	(2.5)	0.1	(2.8)	(3.2)	(1.8)	(2.0)	(2.0)	(2.0)
Net portfolio equity inflow/GDP	(2.2)	(1.8)	(2.4)	(3.1)	(4.7)	(0.6)	(2.5)	(2.5)	(2.5)	(2.5)
Gross external financing needs/CARs plus usable reserves	197.3	201.0	201.9	211.5	214.8	224.4	216.7	211.6	205.0	200.7
Narrow net external debt/CARs	67.0	57.1	61.5	84.8	79.8	61.1	57.1	55.1	52.4	50.7
Narrow net external debt/CAPs	78.0	66.4	71.9	98.1	92.3	65.6	61.9	60.2	57.2	55.1
Net external liabilities/CARs	(83.2)	(87.7)	(104.3)	(133.4)	(118.4)	(121.5)	(122.7)	(123.8)	(122.7)	(121.5)
Net external liabilities/CAPs	(96.9)	(102.0)	(121.9)	(154.4)	(136.9)	(130.5)	(133.0)	(135.3)	(134.0)	(132.1)
Short-term external debt by remaining maturity/CARs	129.1	133.0	134.5	148.5	152.0	158.1	148.4	142.7	133.6	127.3
Usable reserves/CAPs (months)	1.3	1.3	1.3	1.5	1.5	1.5	1.4	1.4	1.3	1.2
Usable reserves (bil. $)	200.7	198.1	223.4	269.2	296.7	295.2	306.0	306.0	306.0	306.0
Fiscal indicators (general government %)										
Balance/GDP	1.3	2.0	1.5	(4.3)	(3.7)	(2.6)	(2.3)	(1.8)	(1.6)	(1.5)
Change in net debt/GDP	(1.9)	(1.1)	(0.1)	5.1	3.7	3.4	1.9	1.5	1.5	1.5
Primary balance/GDP	2.4	2.9	2.3	(3.7)	(3.1)	(1.9)	(1.4)	(0.8)	(0.6)	(0.4)
Revenue/GDP	45.5	46.3	46.5	46.1	47.3	47.0	47.0	46.5	46.5	46.5
Expenditures/GDP	44.2	44.3	45.0	50.4	51.0	49.6	49.3	48.3	48.1	48.0
Interest/revenues	2.3	2.0	1.7	1.4	1.2	1.4	1.9	2.0	2.2	2.2
Debt/GDP	63.4	60.2	57.9	68.4	68.5	65.4	62.9	62.2	61.7	61.5
Debt/revenues	139.4	130.0	124.4	148.3	144.7	139.3	133.8	133.7	132.6	132.2
Net debt/GDP	59.3	56.4	54.6	60.8	60.9	60.3	59.1	58.6	58.0	57.7
Liquid assets/GDP	4.1	3.7	3.3	7.6	7.5	5.1	3.8	3.6	3.7	3.8
Monetary indicators (%)										
CPI growth	1.7	1.9	1.4	0.3	3.2	8.7	6.3	2.8	2.0	1.6
GDP deflator growth	1.5	2.0	2.1	1.9	3.0	5.3	5.7	2.9	2.3	1.8
Exchange rate, year-end (EUR/$)	0.8	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.9	0.9
Banks' claims on resident non-gov't sector growth	4.2	3.9	4.9	4.2	5.3	6.8	2.5	4.0	4.5	4.5
Banks' claims on resident non-gov't sector/GDP	87.3	88.0	89.4	95.0	94.2	93.9	91.2	91.7	92.4	93.6
Foreign currency share of claims by banks on residents	2.7	2.7	2.4	2.3	2.3	2.0	2.05	2.05	2.05	2.05
Foreign currency share of residents' bank deposits	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0
Real effective exchange rate growth	0.2	2.6	0.3	0.2	(2.4)	(2.1)	N/A	N/A	N/A	N/A

Sources: Eurostat (economic indicators), Deutsche Bundesbank (external indicators), Eurostat (fiscal indicators), and Deutsche Bundesbank and IMF (monetary indicators).

Adjustments: Government debt adjusted by excluding guarantees on debt issued by the European Financial Stability Facility.

Germany--Selected Indicators

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. EUR--euro. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	2	Germany has strong institutions and a proven track record of crisis management and long-term economic growth, but coordination requirements at the EU or euro area level might hinder timely policy response. Germany benefits from generally effective checks and balances and free flow of information.
Economic assessment	1	Based on GDP per capita ($) as per the Selected Indicators table above
External assessment	1	Based on narrow net external debt as per Selected Indicators in Table 1. In the context of our external assessment, we consider Germany, a member of the Economic and Monetary Union, as if the currency was actively traded. The sovereign is displaying current account surpluses over the forecast horizon. The sovereign has external short-term debt by remaining maturity that generally exceeds 100% of current account receipts (CARs), as per Selected Indicators in Table 1. The sovereign's net international investment position is more favorable than the narrow net external debt position by over 100% of CARs, as per Selected Indicators in Table 1.
Fiscal assessment: flexibility and performance	2	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
Fiscal assessment: debt burden	2	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per Selected Indicators in Table 1.
Monetary assessment	2	In the context of our monetary assessment, we consider the euro a reserve currency. The European Central Bank has an established track record in monetary policy independence with clear objectives and a wide array of policy instruments, including targeted and broad asset purchase programs. Germany is a member of the Economic and Monetary Union
Indicative rating	aaa	As per Table 1 of "Sovereign Rating Methodology.
Notches of supplemental adjustments and flexibility		
Final rating		
Foreign currency	AAA	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	AAA	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Germany's Green Energy Ambitions Spark A Transformative Decade For Utilities, Sept. 14, 2023
- European Housing Markets: Sustained Correction Ahead, July 20, 2023
- Banking Industry Country Risk Assessment: Germany, June 6, 2023
- Sovereign Ratings Score Snapshot, Sept. 6, 2023
- Sovereign Ratings History, Sept. 12, 2023
- Sovereign Ratings List, Sept. 12, 2023
- Sovereign Risk Indicators, July 10, 2023. An interactive version is also available at www.spratings.com/sri.
- Global Sovereign Rating Trends Midyear 2023: Fragile Stability, July 5, 2023
- Sovereign Debt 2023: Developed Europe Government Borrowing Estimated At $1.7 Trillion, March 9, 2023

Ratings Detail (as of September 21, 2023)*

Germany		
Sovereign Credit Rating		AAA/Stable/A-1+
Transfer & Convertibility Assessment		AAA
Sovereign Credit Ratings History		
13-Jan-2012	*Foreign Currency*	AAA/Stable/A-1+
05-Dec-2011		AAA/Watch Neg/A-1+
26-Jun-1989		AAA/Stable/A-1+
13-Jan-2012	*Local Currency*	AAA/Stable/A-1+
05-Dec-2011		AAA/Watch Neg/A-1+
27-Jul-1992		AAA/Stable/A-1+

Ratings Detail (as of September 21, 2023)*

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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